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**NEWS RELEASE**

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**ATTORNEY GENERAL ANNOUNCES SETTLEMENT WITH CAREMARK FOR  
STATE AND FEDERAL IMPROPER BILLING ALLEGATIONS**

CVS/Caremark Corporation has agreed to pay the \$886,624 to Tennessee's TennCare Program to settle allegations of improper billing, Tennessee Attorney General Bob Cooper announced today.

The payment, part of a \$36.7 million settlement with the federal government, 23 states and the District of Columbia, resolves claims that CVS violated various state and federal statutes and regulations by switching dosage forms of ranitidine, an antacid medication commonly prescribed for Medicaid patients.

"This was a hard-fought case that was resolved as a result of good cooperation from federal agencies and state agencies including the Tennessee Bureau of Investigation's Medicaid Fraud Control Unit and TennCare Bureau," Attorney General Cooper said. "We are pleased with the outcome."

CVS/Caremark currently operates retail pharmacies in 38 states and furnishes pharmacy services to Medicaid recipients. Today's settlement follows a joint federal-state investigation into allegations that CVS, from April 1999 through 2006, filled prescriptions for numerous Medicaid recipients by aggressively switching dosage forms of ranitidine (the generic form of Zantac, a commonly prescribed anti-ulcer medication).

The investigation showed that these switches caused Medicaid programs nationwide to pay CVS substantially more for ranitidine than they otherwise would have. The substitution of the ranitidine capsules for tablets resulted in higher payments under the automated Medicaid reimbursement system, with no corresponding medical benefit to the individuals receiving the prescriptions. The settlement resolves allegations that CVS made wholesale switches of ranitidine dosage forms without physician involvement and therefore violated numerous state regulations governing pharmaceutical dispensing.

In addition to the payment of cash settlements to the state and federal governments, CVS/Caremark has agreed to a Corporate Integrity Agreement ("CIA") with the Office of the Inspector General of the United States Department of Health and Human Services. The CIA will include provisions that will ensure that CVS does not switch dosage forms of medications if the result would increase the costs to third-party payers, including Medicaid, and will subject the company's billing practices to ongoing federal scrutiny.